

9650 Health and Dental Benefits for Annuitants

This program provides funding for health and dental benefit services for retired state employees and their dependents.

The program began on January 1, 1962, with an employer contribution of \$5.00 per month toward the cost of a basic health plan. Since then, major medical plans, Medicare, and plans supplementing Medicare have been developed. Dental care was added in 1982.

The 2008-09 employer contribution for health premiums maintains the average 100/90 percent contribution formula established in Government Code Section 22871. Under this formula, the state averages the premiums of the four largest health benefit plans in order to calculate the maximum amount the state will contribute toward the retiree's health benefits. The state also contributes 90 percent of this average for the health benefits of each of the retiree's dependents. The retiree is responsible for paying all health benefit plan costs that exceed the average of the four largest benefit plans. The 2008-09 monthly contribution maximums are \$478 for a single enrollee, \$909 for an enrollee and one dependent, and \$1,167 for an enrollee and two or more dependents. Dental care premiums vary by plan and number of dependents.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
10 Health and Dental Benefits for Annuitants	-	-	-	\$1,114,317	\$1,200,955	\$1,340,091
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	-	-	-	\$1,114,317	\$1,200,955	\$1,340,091
FUNDING				2007-08*	2008-09*	2009-10*
0001 General Fund				\$1,051,486	\$1,164,392	\$1,303,528
0950 Public Employees Contingency Reserve Fund				62,831	36,563	36,563
TOTALS, EXPENDITURES, ALL FUNDS				\$1,114,317	\$1,200,955	\$1,340,091

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code, Title 2, Division 5, Part 5.

DETAILED BUDGET ADJUSTMENTS

	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Growth Estimate	\$-	\$-	-	\$139,136	\$-	-
Totals, Other Workload Budget Adjustments	\$-	\$-	-	\$139,136	\$-	-
Totals, Workload Budget Adjustments	\$-	\$-	-	\$139,136	\$-	-
Totals, Budget Adjustments	\$-	\$-	-	\$139,136	\$-	-

* Dollars in thousands

9650 Health and Dental Benefits for Annuitants - Continued

Health Benefits

Retirement System ¹	Number of Retirees			Cost by System		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
PERS State Employees	136,076	140,104	144,251	\$1,030,585	\$1,111,715	\$1,248,724
District Agricultural Employees	327	337	347	2,478	2,712	3,046
Legislators	119	123	127	919	1,017	1,142
Teachers	172	166	161	1,235	1,356	1,523
Judges	1,556	1,602	1,649	12,219	13,221	14,722
Totals	138,250	142,332	146,535	\$1,047,436	\$1,130,021	\$1,269,157

¹The cost for retirees' health benefits is based on the following average number of retirees covered from each retirement system.

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Dental Benefits

Retirement System ¹	Number of Retirees			Cost by System		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
PERS State Employees	110,635	113,910	117,282	\$65,624	\$69,600	\$69,600
District Agricultural Employees	300	309	318	178	192	192
Legislators	108	111	114	72	78	78
Teachers	118	114	110	69	71	71
Judges	1,475	1,519	1,564	939	993	993
Totals	112,636	115,963	119,388	\$66,882	\$70,934	\$70,934

¹ The cost for retirees' dental benefits is based on the following average number of retirees covered from each retirement system.

9650 Health and Dental Benefits for Annuitants - Continued

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	<u>\$1,076,664</u>	<u>\$1,164,392</u>	<u>\$1,303,528</u>
Totals Available	\$1,076,664	\$1,164,392	\$1,303,528
Unexpended balance, estimated savings	<u>-25,178</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$1,051,486	\$1,164,392	\$1,303,528
0950 Public Employees Contingency Reserve Fund			
APPROPRIATIONS			
001 Budget Act appropriation	<u>\$62,831</u>	<u>\$36,563</u>	<u>\$36,563</u>
TOTALS, EXPENDITURES	\$62,831	\$36,563	\$36,563
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$1,114,317	\$1,200,955	\$1,340,091

* Dollars in thousands